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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

LEA MÁRQUEZ PETERSON - Chairwoman
 SANDRA D. KENNEDY
 JUSTIN OLSON
 ANNA TOVAR
 JIM O'CONNOR

SEP 01 2021

DOCKETED BY

In the matter of)	
Global Capital and Equity, LLC, a Colorado)	DOCKET NO. S-21149A-21-0089
entity)	
Bret Butler Reiss, a single man)	DECISION NO. <u>78220</u>
Migranade, Inc., a revoked Nevada entity)	
and)	ORDER TO CEASE AND DESIST, ORDER
Charles Hensley, a married man)	FOR RESTITUTION, ORDER FOR
)	ADMINISTRATIVE PENALTIES, AND
)	ORDER FOR OTHER AFFIRMATIVE
)	ACTION AGAINST MIGRANADE, INC. AND
)	CHARLES HENSLEY
Respondents.)	

On April 23, 2021, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Order for other Affirmative Action (the "Notice") against Respondents Global Capital and Equity, LLC, Bret Butler Reiss, Migranade, Inc., and Charles Hensley. On May 7, 2021, the attorney for Global Capital and Equity, LLC and Bret Butler Reiss timely requested a hearing which is set for January 10, 2022.

On May 8, 2021, the Division served a copy of the Notice upon Charles Hensley by delivering the Notice to Charles Hensley via USPS Certified mail article number 70100290000017506769. Hensley's attorney, Peter Bronstein, confirmed that Hensley had received the Notice. No request for a hearing or answer to the Notice has been filed as of July 26, 2021.

On May 24, 2021, the Division served a copy of the Notice upon Migranade Inc., by delivering the Notice to Migranade, Inc. care of Charles Hensley as president, via USPS Certified

1 mail article number 701002900000017506776. Such service is authorized pursuant to R14-4-
2 303(E)(2). Hensley's and Migranades's attorney Peter Bronstein confirmed Hensley's receipt of the
3 Notice. No request for a hearing or answer to the Notice has been filed as of July 26, 2021.

4 **I.**

5 **FINDINGS OF FACT**

6 1. At all relevant times Respondent Migranade, Inc. ("Migranade") was a Nevada entity
7 which filed for incorporation on April 25, 2016 and conducted business from California.

8 2. At all relevant times Respondent Charles Hensley ("Hensley") was the president of
9 Migranade and conducted business from California.

10 3. From at least October 26, 2015 through at least June 30, 2016, Global Capital and Equity
11 LLC ("Global") and Bret Butler Reiss ("Reiss") offered investors, including Arizona investors, an
12 opportunity to invest in a company called Neurocyte, Inc. ("Neurocyte"), which, investors were told,
13 had the rights to an over-the-counter migraine pain reliever medicine called Migranade.

14 4. Global and Reiss represented that Hensley was the inventor of another over-the-counter
15 medicine called Zicam.¹

16 5. Global and Reiss provided an Arizona investor with a copy of the engagement agreement
17 and represented that they were "all set to go public" and the stock should hit the market at "\$2.50 to
18 \$5.00 per share." Global and Reiss added that this was a "for sure" deal.

19 6. The investor invested in shares of Migranade through Global and Reiss, but received no
20 return on the investment, and Migranade has not gone public.

21 7. In January 2017, the investor began attempting to contact Hensley.

22 8. The investor contacted Hensley and relayed concerns about the investment in Neurocyte
23 stock related to Migranade.

24
25
26 ¹ Zicam is a trademarked over-the-counter product related to colds, congestion, and allergies and may be purchased in various in person and online stores and pharmacies.

1 9. Migranade and Hensley stated that he had considered using Global and Reiss to help
2 with the IPO a couple of years before, but that plan had fallen through, and that Global and Reiss were
3 not currently a part of the IPO plans.

4 10. Migranade and Hensley stated that Global and Reiss were “scamming” people and that
5 he had been previously contacted by another investor who indicated Global and Reiss had also sold them
6 stock.

7 11. Hensley represented he would fix the problem Global and Reiss created.

8 12. Migranade and Hensley offered to sell shares of stock in Migranade to the investor.

9 13. Migranade and Hensley told the investor that Migranade would go public in or around
10 12 months.

11 14. Migranade and Hensley did not inquire as to the investor’s net worth or whether the
12 investor would qualify as an accredited investor. The investor is not an accredited investor.

13 15. Migranade and Hensley provided a document to the investor which indicated it was
14 written by the EMCO/Hanover Group and titled “Fair Market Value Opinion of Migranade, Inc. as of
15 April 30, 2016.”

16 16. The document indicates “Fair Market Value (FMV) that should be assigned to
17 Migranade, Inc. at April 30, 2016 is: \$53,765,250 or \$4.48 per share based on the current 12 million
18 shares outstanding.”

19 17. The document states, “EMCO/Hanover has relied totally on management’s estimates
20 below and expresses no opinion thereon, given management’s experiences with prior retail companies
21 and their then relationships.”

22 18. The investor wired \$8,000 to a bank account in the name of Migranade and controlled
23 by Hensley, and the investment funds posted on February 8, 2017.

24 19. After wiring the funds, the investor received the subscription agreement on February 16,
25 2017 reflecting 2,000 shares at \$4.00 per share of Migranade.

1 20. The agreement states that the purchaser accepts all economic risk, but Migranade and
2 Hensley did not discuss any risks with the investor.

3 21. On March 9, 2017, Migranade and Hensley sent a text to the investor stating, "Some
4 good news. Your shares have appreciated. The share price for Migranade stock will be \$6.00 per share
5 as of this coming Tuesday. That's March 14th. Please let anyone else who may be contemplating
6 investing [*sic*] that it's \$6.00 and not \$4.00. At least probably after this Friday the 10th."

7 22. The investor repeatedly requested a stock certificate from Hensley, but never received a
8 stock certificate to evidence the investment from Migranade and Hensley.

9 23. By at least July 10, 2017, the investor repeatedly requested the investment funds be
10 refunded and stated that the contract had been breached. Hensley responded to the investor reflecting
11 his willingness to unwind the investment, and even texted, "In a meeting right now but I did cancel the
12 shares and after-wards [*sic*] I put the order for your checks with the controller. I will ask him when to
13 ex-pect [*sic*] them to be cut." Migranade and Hensley did not send any checks to the investor and did
14 not provide a refund.

15 24. Migranade and Hensley sent emails to the investor offering to issue stocks in his new
16 company, Desilu Studios, as a substitute for the stocks the investor would have received in Migranade.
17 Migranade and Hensley represented that Desilu Studios² was working on "Matrix 4" and offered to send
18 a copy of the script to the investor, but the investor never received the script nor the stock. Migranade
19 and Hensley also discussed employing the investor in a sales and marketing position related to a movie.

20 25. On February 1, 2017, Hensley opened a bank account ending 4093 in the name of
21 Migranade, Inc. and deposited \$100 into the account.

22 26. Hensley was the sole signatory for the Migranade account ending 4093.

23 ² On October 30, 2018, just 19 days after Hensley sent an email to the investor regarding possible employment at
24 Desilu Studios, CBS Studios INC. filed suit against Desilu Studios, Inc., Desilu Corporation and Charles Hensley for
25 Trademark Infringement and Cybersquatting and seeking declaratory relief and cancellation of registration. *See CBS*
26 *Studios INC. v. Desilu Studios, Inc., Desilu Corporation, and Charles Hensley*, Case No.: 2:18-cv-09309-AG-E (2018).
The matter was settled by a default judgment against Desilu Studios, Inc., Desilu Corporation, and Charles Hensley on
May 6, 2019. The court ordered that the Desilu domain names were to be transferred to the plaintiffs, Defendant's
Desilu companies should be dissolved, a permanent injunction against the use of CBS's Desilu mark by defendants be
imposed, and the defendants pay the costs of the action and reasonable attorney's fees.

1 27. On February 2, 2017, Hensley withdrew \$80 from the Migranade account and, on
2 February 6, 2017, he withdrew \$20 from the Migranade account.

3 28. On February 8, 2017, the Arizona investor wired \$8,000 to the Migranade account
4 ending in 4093 and indicated it was for Migranade stock, which the investor never received.

5 29. On February 13, 2017, an out-of-state investor wired \$10,000 to the Migranade account
6 ending in 4093 bringing the total balance to \$18,000.

7 30. On February 13, 2017, Hensley, using funds from the Migranade account ending in
8 4093, purchased three flights on Virgin Airlines totaling \$992.20.

9 31. Between February 14, 2017 and February 24, 2017, Hensley, using funds from the
10 Migranade account ending in 4093, purchased a stay at the Wynn Las Vegas Hotel totaling \$8,910.65.

11 32. Migranade and Hensley did not disclose to the investor that he would use the
12 investor's funds for personal use.

13 33. By February 24, 2017, Hensley's account balance for the Migranade account ending
14 4093 was negative \$4,489.82.

15 34. The Migranade account remained negative until the account was "force closed" on June
16 22, 2017.

17 35. Migranade and Hensley did not disclose to the investor that, on May 20, 2011,
18 Hensley was indicted in *U.S. v. Hensley*, Case No. 2:11-cr-00455 (2011), related to his delivery of
19 an unapproved new drug into interstate commerce by directing a shipment from Hong Kong to
20 customers in the United States of a product called "Vira 38" with labels claiming that Vira 38 was
21 for the "Prevention and Treatment of Influenza." Hensley failed to indicate that the medicine was
22 for use only by prescription. On May 12, 2012, Hensley pleaded guilty and was ordered to pay a
23 \$5,000 fine and be placed on probation for a term of three years.

24 36. Respondents were not registered as dealers or salesmen and the shares of stock in
25 Migranade were not registered.
26

II.**CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and/or (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

9. Charles Hensley directly or indirectly controlled persons or entities within the meaning of A.R.S. § 44-1999, including but not limited to Migranade, Inc. Therefore, Charles Hensley is jointly and severally liable under A.R.S. § 44-1999 to the same extent as Migranade, Inc. for its violations of A.R.S. § 44-1991.

III.**ORDER**

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent, and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent Hensley shall pay restitution to the Commission in the principal amount of \$8,000.00 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. Any principal amount outstanding shall accrue interest at the rate of ten percent per annum from the date of purchase until the date of this Order, subject to any legal offsets, pursuant to A.A.C. R14-4-308(C).

IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will accrue interest, as of the date of the Order, at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H. 15 or any publication that may supersede it on the date that the judgment is entered.

The Commission shall disburse the funds on a pro-rata basis to investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor because the investor is deceased shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent Hensley shall
2 pay an administrative penalty in the amount of \$5,000 as a result of the conduct set forth in the
3 Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment
4 shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by
5 law.

6 IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding
7 paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per
8 annum that is equal to one per cent plus the prime rate as published by the board of governors of the
9 federal reserve system in statistical release H. 15 or any publication that may supersede it on the date
10 that the judgment is entered.

11 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
12 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
13 shall be applied to the penalty obligation.

14 IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the
15 Commission may bring further legal proceedings against Respondent, including application to the
16 superior court for an order of contempt.

17 IT IS FURTHER ORDERED removing Respondents Migranade, Inc. and Charles Hensley
18 from the Service List for future filings in this Docket Number.

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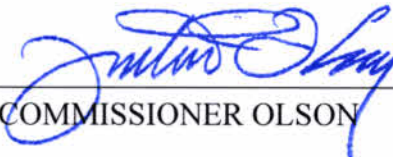
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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRWOMAN MARQUEZ PETERSON


COMMISSIONER KENNEDY

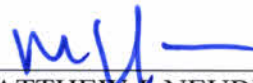

COMMISSIONER OLSON


COMMISSIONER TOVAR


COMMISSIONER O'CONNOR



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this 1 day of September, 2021.


MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Carolyn D. Buck, ADA
Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

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